



Legislative Research Council

Representative Dean Wink, Chair
Senator Corey Brown, Vice Chair

Jason Hancock, Director
Sue Cichos, Deputy Director
Doug Decker, Code Counsel

July 16, 2015

The Honorable Governor Dennis Daugaard
Office of the Governor
500 E Capitol Ave
Pierre, SD 57501

Representative Justin Cronin
House Appropriations Chair
Legislative Research Council
500 E. Capitol Ave.
Pierre, SD 57501

Senator Deb Peters
Senate Appropriations Chair
Legislative Research Council
500 E. Capitol Ave.
Pierre, SD 57501

Re: Interim Revenue Projections

Dear Governor Daugaard and Chairs Cronin and Peters:

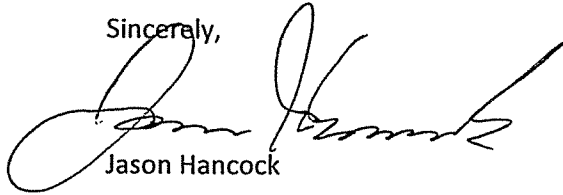
SDCL 4-8A-16 requires the Bureau of Finance and Management and the Legislative Research Council to prepare and submit, no later than July thirtieth of each year, independent revenue projections to the Governor and the Special Committee on Appropriations.

The attachments contain the Legislative Research Council's independent projections including actual general fund revenue for each of the two fiscal years last concluded and the estimated revenue of the current fiscal year. The attachments also include a comparison of the Legislature adopted FY2016 estimate to the LRC interim FY2016 estimate.

SDCL 4-8A-16 further states that "if either of the estimates provided in this section project a budget shortfall in excess of two and one-half percent of the general fund appropriated budget in the current fiscal year, the Bureau of Finance and Management and the Legislative Research Council shall propose measures to the Governor and the special committee created in chapter 4-8A for eliminating the shortfall. If either of the estimates provided in this section project a budget shortfall in the current or next fiscal year of five percent or greater of the general fund appropriated budget, the Governor shall propose measures to eliminate the shortfall consistent with S.D. Const., Art. 12, § 7."

The 2015 Legislature appropriated \$1,433,107,085 from the general fund for FY2016, the current fiscal year. As of July 16, 2015, the Legislative Research Council projects general fund revenues for the current fiscal year 2016 to be \$1,439,779,160. This estimate does not project a shortfall in excess of the two and one-half percent (\$35.8M shortfall) or five percent (\$71.7M shortfall) thresholds and as such, does not warrant any further action. However, if the estimate provided by the Bureau of Finance and Management is below the stated thresholds, additional action will be required.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Hancock", written over the printed name.

Jason Hancock

Director, Legislative Research Council

Cc: Annie Mehlhaff, Legislative Research Council
Jason Dilges, Bureau of Finance and Management
Interim Joint Appropriations Committee Members

LRC INTERIM REVENUE PROJECTIONS

ACTUAL FY2014, ACTUAL FY2015, and LRC INTERIM FY2016
July 16, 2015

	ACTUAL FY2014	ACTUAL FY2015	LRC INTERIM FY2016
ONGOING RECEIPTS			
Sales and Use Tax	\$ 823,401,593	\$ 836,587,108	\$ 868,293,759
Lottery	6,296,600	6,952,306	108,357,350
Contractor's Excise Tax	90,409,495	100,116,439	105,122,261
Insurance Company Tax	75,110,734	79,976,685	84,015,508
Unclaimed Property Receipts	59,761,191	52,914,188	54,867,008
Licenses Permits and Fees	52,203,471	56,457,033	58,359,635
Tobacco Taxes	30,000,000	30,000,000	52,566,118
Trust Funds	28,436,564	30,826,330	33,210,864
Net Transfers In	32,133,057	30,394,471	17,480,879
Alcohol Beverage Tax	10,790,053	10,772,363	11,034,131
Bank Franchise Tax	10,782,035	8,583,099	10,760,045
Charges for Goods and Services	10,461,221	11,754,275	11,728,466
Telecommunications Tax	0	0	6,634,482
Severance Taxes	5,424,019	5,396,624	5,396,624
Sale-Leaseback	5,838,681	5,236,813	4,663,938
Investment Income and Interest	4,528,811	864,665	5,315,759
Alcohol Beverage 2% Wholesale Tax	1,690,523	1,861,746	1,972,334
Property Tax Reduction Fund	106,529,196	112,690,797	0
SUBTOTAL ONGOING RECEIPTS	\$ 1,353,797,245	\$ 1,381,384,943	\$ 1,439,779,160
ONE-TIME RECEIPTS			
Refinancing Gains/Transfer from SDBA	\$ 0	\$ 5,567,283	\$ 0
Prior Period Adjustments	0	1,954,866	0
Transfer from the South Dakota Risk Pool	0	1,420,000	0
Transfer from Large Project Liability Account	19,424,586	1,299,428	0
One-Time Unclaimed Property Receipts	54,013,610	0	0
Transfer from Property Tax Reserves	19,626,221	0	0
Unexpended Carryovers and Specials	4,152,194	16,286,079	0
Obligated Cash Carried Forward	25,216,171	9,876,349	0
SUBTOTAL ONE-TIME RECEIPTS	\$ 122,432,782	\$ 36,404,005	\$ 0
GRAND TOTAL	\$ 1,476,230,027	\$ 1,417,788,948	\$ 1,439,779,160

LRC INTERIM REVENUE PROJECTIONS

LEGISLATURE ADOPTED FY2016 vs. LRC INTERIM FY2016 July 16, 2015

	LEGISLATURE ADOPTED FY2016	LRC INTERIM FY2016	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	\$ 868,924,519	\$ 868,293,759	\$ (630,760)	-0.07%
Lottery	108,027,292	108,357,350	330,058	0.31%
Contractor's Excise Tax	101,006,979	105,122,261	4,115,282	4.07%
Insurance Company Tax	81,039,460	84,015,508	2,976,048	3.67%
Unclaimed Property Receipts	56,967,831	54,867,008	(2,100,823)	-3.69%
Licenses Permits and Fees	56,130,029	58,359,635	2,229,606	3.97%
Tobacco Taxes	52,917,047	52,566,118	(350,929)	-0.66%
Trust Funds	33,224,941	33,210,864	(14,077)	-0.04%
Net Transfers In	17,242,935	17,480,879	237,944	1.38%
Alcohol Beverage Tax	11,425,588	11,034,131	(391,457)	-3.43%
Bank Franchise Tax	10,858,137	10,760,045	(98,092)	-0.90%
Charges for Goods and Services	11,105,706	11,728,466	622,760	5.61%
Telecommunications Tax	6,939,019	6,634,482	(304,537)	-4.39%
Severance Taxes	5,867,763	5,396,624	(471,139)	-8.03%
Sale-Leaseback	4,663,938	4,663,938	0	0.00%
Investment Income and Interest	4,868,382	5,315,759	447,377	9.19%
Alcohol Beverage 2% Wholesale Tax	1,907,519	1,972,334	64,815	3.40%
Property Tax Reduction Fund	0	0	0	0.00%
SUBTOTAL ONGOING RECEIPTS	\$ 1,433,117,085	\$ 1,439,779,160	\$ 6,662,076	0.46%
ONE-TIME RECEIPTS				
Obligated Cash Carried Forward	\$ 0	\$ 21,535,148	\$ 21,535,148	100.00%
SUBTOTAL ONE-TIME RECEIPTS	\$ 0	\$ 21,535,148	\$ 21,535,148	100.00%
GRAND TOTAL	\$ 1,433,117,085	\$ 1,461,314,308	\$ 28,197,224	1.97%